

**Environmental Cooperation Agreement
between
Cook Composites and Polymers Co. (CCP)
and
Wisconsin Department of Natural Resources**

(Proposal sent via email August 20, 1999 by CCP to DNR)

This Agreement is being entered into, pursuant to sec. 299.80 Wisconsin Statutes and represents the negotiated and agreed to conditions agreed upon by Wisconsin Department of Natural Resources (WDNR) and Cook Composites and Polymers Co. (CCP) (the Company) for the purpose of providing an alternative method for the regulation of environmental impacts from CCP.

FOR AND IN CONSIDERATION of the terms and conditions contained in this agreement, WDNR and the Company set forth the following:

I. FACILITY INFORMATION:

Cook Composites and Polymers Co. (CCP)

820 East 14th Avenue

North Kansas City, MO 64116

Michael Gromacki

Gromacki@CCPonline.com

816 – 391-6011 (phone)

816 – 391 –6093 (fax)

web page: CCPonline.com

II. DEFINITIONS. The following definitions are applicable to this agreement:

- c. "Approval" means a permit license or other approval issued by the department under chapters 280-295.
- d. " Cooperative agreement" means an agreement entered into under section 299.80(6), Wis. Statutes.
- e. " Environmental management system" means an organized set of procedures implemented by the owner or operator of a facility to evaluate the environmental performance of the facility and to achieve measurable or noticeable improvements in that environmental performance through planning and changes in the facility's operations.
- f. " Environmental performance" means the effects whether regulated under chapters 280 to 295 or unregulated, of a facility on air, water, land, natural

resources and human health.

- g. " Facility" means all buildings equipment and structures located on a single parcel or on adjacent parcels that are owned or operated by the same person.
- h. " Interested person" means a person who is or may be affected by the activities at a facility that is covered or proposed to be covered by a cooperative agreement or a representative of such a person.
- i. " Performance evaluation" means a systematic, documented and objective review conducted by or on behalf of the owner or operator of the facility including an evaluation of compliance with the cooperative agreement covering the facility, approvals that are not replaced by the cooperative agreement and the provision of chapters 280 to 295 and rules promulgated under those chapters for which a variance is not granted.
- j. " Pollutant" means any of the following: any dredged spoil, solid waste, incinerator residue, sewage, garbage, refuse, oil, sewage sludge, munitions, chemical wastes, biological materials, radioactive substance, heat, wrecked or discarded equipment, rock, sand, cellar dirt, or industrial, municipal, or agricultural waste discharged into water or onto land. Any dust, fumes, mist, liquid, smoke, other particulate matter, vapor, gas odorous substance or any combination of those things emitted into the air but not uncombined water vapor.
- k. " Violation" means a violation of a cooperative agreement, of an approval that is not replaced by the cooperative agreement or of a provision of chapters 280 to 295 and rules promulgated under those chapters for which a participant has not received a variance.

III. PERIOD OF AGREEMENT. This agreement shall commence, subject to its signing by both parties on [date] and continue until [date 5 years hence] during which period the Company and WDNR shall abide by all terms and conditions contained herein.

IV. AMENDMENT/REVOCATION. WDNR may amend this agreement with the consent of the Company. WDNR may, after an opportunity for hearing, this agreement for cause. WDNR may revoke an agreement at the request of the Company or if the Company is in substantial noncompliance, refuses to amend this agreement, are unable or unwilling to meet commitments to superior environmental performance or have not addressed a substantive issue raised by a majority of the interested persons. (s. 299.80 (7), Wis. Statutes)

V. ENTIRE AGREEMENT. This agreement, together with any specifications, referenced parts attachments and effective amendments, shall constitute the entire agreement. Communications or understandings made prior to the signing of this agreement and pertaining to its subject matter are hereby superceded. All revisions to this agreement must be made by a written amendment to this agreement, signed by both parties and issued under the same procedures as this agreement.

VI. APPROVALS COVERED.

[Not complete at this time. To be determined after preliminary discussions with WDNR and US EPA program staff.]

VII. INTERESTED PERSONS GROUP.

[CCP has not yet developed a process to select and establish the Interested Persons Group. CCP has also not yet identified a mechanism for a group review and performance measurement of our EMS. CCP needs additional guidance and interaction with the steering committee and its industry co-participants before defining this process.]

[description of the membership and process for involvement of the interested persons]

[description of the assistance available from the company for interested persons in implementation of the Agreement]

[describe information provided on environmental performance to and check-in points with interested persons group – 6 months]

VII. COMMITMENT TO ENVIRONMENTAL MANAGEMENT SYSTEM.

CCP is developing environmental management system (EMS) programs in the context of the industry initiatives of *Coatings Care* (National Paint and Coatings Association) and *Composites Care* (Composite Fabricators Association). The EMS principles contained in these programs adequately address the requirements of the Environmental Cooperation Program.

CCP will also use the principles found in the *Prosper*TM auditing methods developed by the international quality and environmental and safety management systems company Det Norske Veritas (DNV). DNV is an internationally recognized registrar for ISO 9000 and ISO 14000 standards. The *Prosper* system integrates Quality, Safety and Environment (QSE) programs into a consistent and objective auditing framework.

Data on this environmental management system shall be collected pursuant to the data protocols developed by the University of North Carolina.

VIII. COMMITMENT TO SUPERIOR ENVIRONMENTAL PERFORMANCE.

The Company commits to going beyond what would otherwise be required in environmental regulations by setting the following goals:

Facility and Project Background Information

The CCP Saukville facility manufactures polyester and alkyd resins used in the coatings, sanitary, and marine industry (SIC 2821). In 1998, the CCP Saukville facility generated approximately five (5) million pounds of a characteristic hazardous waste stream known as esterification water, or more commonly “reaction water”. The reaction water is a by-product of a condensation reaction of organic acids and glycol that yields polyester and alkyd resins.

The reaction water waste stream is currently incinerated on site in facility permitted under Resource Conservation and Recovery Act (RCRA). The waste stream is considered characteristically hazardous based on presence of low concentrations (1-2%) of ignitable organic chemicals that at times result in a flash point below 140 degrees F, and occasionally due to low (<2 units) pH.

In addition, the CCP Saukville facility generated approximately two (2) million pounds of spent solvent that was used as a supplemental fuel in the incinerator. Since the solvent is used as supplemental fuel to incinerate reaction water, the option of recycling of the solvent was not historically considered economically beneficial.

Current Regulatory Barriers to Waste Minimization and Pollution Prevention

CCP is evaluating the viability of waste minimization and pollution prevention options for management of reaction water at the Saukville facility, and other facilities in the United States. The technical challenges of the available strategies appear to be more easily resolved than the administrative barriers expected with implementing new technology in a traditional regulatory structure.

A chemical production facility that operates an on-site hazardous waste incinerator faces particular challenges to technology change. The transition from the current incineration technology to a waste minimization and pollution prevention technology cannot be effectively planned and scheduled by CCP in a complicated regulatory process. For example, a transition from incineration to a pollution prevention technology may include RCRA closure, RCRA corrective action agreement modification, air pollution permit modifications, and wastewater indirect-discharge permit modifications.

In addition, the RCRA-permitted incinerator regulatory process also involves federal oversight by Region V of the US EPA. Unless project communication is well defined in the planning phase, the multiple-agency review will add further uncertainty to the scope and schedule of a project.

Proposed Environmental Cooperation Agreement Scope of Work

CCP has reached the end of its current incinerator permit. CCP recently prepared and submitted to WDNR a detailed application for extension of its incinerator operating license. CCP faces the decision to either continue the traditional operation of its RCRA-permitted incinerator, or to pursue waste minimization and pollution prevention strategies for the future.

CCP recognizes the economic, environmental, and community relations benefits associated with moving to a waste minimization and pollution approach. The challenge is to identify a reasonable path to accomplish this goal, while protecting the commercial interests and profitability of our business in a highly competitive marketplace.

The scope of the proposed Environmental Cooperation Agreement is summarized below:

- CCP would revise and update the incinerator Feasibility Report and Plan of Operation (the Plan) according to the current schedule in the WDNR call-in letter. CCP would not request waste stream changes in the updated Plan. Therefore, a new trial burn plan and additional testing will not be necessary. CCP completed this submittal on May 10, 1999.
- Upon satisfactory submittal of the revised Plan, WDNR would extend the effective permit period for a reasonable time period (up to 2 years) in accordance with NR 680.45 [6] and NR 680.45 [7]. The permit extension would allow evaluation and potential permitting and implementation of an alternate technology.
- The time period of the permit extension would not encroach upon future hazardous waste combustion Maximum Achievable Control Technology (MACT) regulatory deadlines.
- CCP would evaluate waste minimization and pollution prevention technologies to manage reaction water. The preferred technology would be demonstrated in bench-scale tests and pilot tests before permitting and construction would commence.
- If the waste minimization and pollution prevention technologies evaluated are not feasible, CCP will re-enter the traditional RCRA permit renewal path before the end of the permit extension period.

Proposed Project Schedule

The estimated timeline for the Environmental Cooperation Project proposed by CCP is presented below. Note that assumptions have been made with regard to the regulatory review times.

<u>Start Date</u>	<u>Task</u>	<u>Duration</u>	<u>Notes</u>
June 1, 1999	Feasibility Study	60 days	Reaction water treatability
August 1, 1999	Preliminary Design	90 days	Design for WDNR
November 1, 1999	WDNR REVIEW	90 days	WDNR review for permit(s)
February 1, 2000	CCP final design	30 days	Revisions per WDNR
April 1, 2000	WDNR Final Review	30 days	System Permitted
May 1, 2000	Specs Distributed	30 days	Specs submitted
June 1, 2000	Bid Packages In	1 day	Project awarded
June 1, 2000	Fabricate/Construct	180 days	On-site and shop
November 1, 2000	System Delivered	1 day	System delivery
November 1, 2000	System Installation	30 days	Piping and utilities
December 1, 2000	System Shakedown	30 days	System training
Early January 2001	System Start Up		

X. POLLUTION LIMITS.

[Not complete at this time. All limits are expected to be as stringent as existing limits. The specific limits that will be applicable will not be known until the WDNR has reviewed the project.]

XI. OPERATIONAL FLEXIBILITY AND VARIANCES.

No variances to existing regulations will be anticipated to complete the project proposed by CCP. However, CCP will rely upon the operational flexibility and commitment to deadlines by WDNR and US EPA to make this proposed project possible. The specific regulations addressed in this agreement includes but may not be limited to:

- CCP would revise and update the incinerator Feasibility Report and Plan of Operation (the Plan) according to NR 680 and the current schedule in the WDNR call-in letter. CCP would not request waste stream changes in the updated Plan. Therefore, a new trial burn plan and additional testing will not be necessary. CCP completed this submittal on May 10, 1999.
- Upon satisfactory submittal of the revised Plan, WDNR would extend the effective permit period for a reasonable time period (up to 2 years) in accordance with NR 680.45 [6] and NR 680.45 [7]. The permit extension would allow evaluation and potential permitting and implementation of an alternate technology.
- The time period of the permit extension would not encroach upon future hazardous waste combustion Maximum Achievable Control Technology (MACT) regulatory deadlines. If the project implementation requires, CCP may modify the period of extension of its operating license from the proposed schedule herein to the MACT regulatory deadline.
- CCP would evaluate waste minimization and pollution prevention technologies to manage reaction water. The preferred technology would be demonstrated in bench-scale tests and pilot tests before permitting and construction would commence.
- If the waste minimization and pollution prevention technologies evaluated are not feasible, CCP will re-enter the traditional RCRA permit renewal path according to NR 680 and meet the MACT requirements before the end of the permit extension period.
- In the event that CCP requires a direct discharge Wisconsin Pollutant Discharge Elimination System (WPDES) permit, an Industrial Wastewater Pretreatment permit, or a “zero-discharge” pretreatment authorization to complete the project, the WDNR and US EPA will process that permit in the time period specified in the agreement.
- In the event that CCP requires a construction permit, modification to its Title V application under review, or modification to the RACT measures implemented at the site under State or Federal air regulations, WDNR and US EPA will authorize the project in the time period specified by the agreement.

XII. BASELINE AND PERIODIC PERFORMANCE EVALUATIONS.

Within 180 days of the signed Agreement, the Company shall perform and submit to WDNR a baseline performance evaluation covering their environmental performance. This evaluation shall be repeated annually on the anniversary date of the baseline submittal or on another date mutually agreed to by WDNR and the Company. Results of the performance evaluations shall be shared with the interested persons group.

XIII. REPORTING OF VIOLATIONS.

Any violations discovered as part of the baseline or annual environmental performance evaluation shall be disclosed to the Department within 45 days of the completion of the evaluation. WDNR will not take any civil enforcement action on any such reported violations if they are corrected within 90 days of notification. This does not exempt the Company from the requirements for immediate notification contained in s. 292.11, Wis. Statutes.

If a longer period of time is needed to correct the violations, a compliance schedule can be negotiated and the Agreement modified allowing a compliance schedule of up to 12 months.

XIV. MEASUREMENT AND ASSESSMENT.

Community Relations

CCP will continue to utilize its existing community relations mechanisms to meet with the public and obtain public opinion feedback on its overall environmental performance, and its performance with respect to its Environmental Cooperation Agreement. Existing community relations include its routine presentations to the Village of Saukville Board, annual open house for the Saukville facility, and periodic hosted luncheon meetings of the Saukville Chamber of Commerce. CCP will conduct semi-annual meetings at our plant with its fence-line neighbors as a metric to assess our progress toward our goals.

Many of the CCP Saukville employees are represented by a labor union such as the United Auto Workers (UAW). All employees of CCP are obvious stakeholders in our environmental and business strategies. As such, CCP management and hourly union employees will participate in the planning and implementation of this program.

Environmental Benefit

The measurement of the environmental impact of the project will be straightforward. If the project is successful, the reduction in hazardous waste generated will be nearly five (5) million pounds per year for the reaction water stream. In addition, the implementation of recycling and/or reuse of solvent would reduce hazardous waste generation further.

CCP proposes concise quarterly status reports to track the progress of the technology evaluation and related regulatory permitting or approval activity. Any delays identified would require specific corrective action by all parties involved to maintain the project schedule.

As described earlier, CCP will also use the principles found in the *Prosper*TM auditing methods developed by the international quality and environmental and safety management systems company Det Norske Veritas (DNV). DNV is an internationally recognized registrar for ISO 9000 and ISO 14000 standards. The *Prosper* system integrates Quality, Safety and Environment programs into a consistent and objective auditing framework.

XV. APPLICABLE LAW. The laws of the State of Wisconsin shall govern this agreement. Except as provided herein, the Company shall at all times comply with all Federal, State and Local laws, ordinances and regulations in effect during the period of this agreement.

XVI.ADDRESSES. All correspondence and communication shall be directed to the appropriate contact person listed below. Changes in the information listed below shall be forwarded to the other party when effective and will become part of this agreement without a formal amendment.

Wisconsin Department of Natural Resources
Bureau of Cooperative Environmental Assistance
PO Box 7921
Madison, WI 53707-7921

IN WITNESS WHEREOF, the parties by their signatures shall cause this agreement to be executed on the date aforementioned.

Signed for and on behalf of:

STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

Date: _____ By: _____

Title: _____

Signed for and on behalf of: Cook Composites and Polymers Co. (CCP)

Cook Composites and Polymers Co.

Date: _____ By: _____

Title: _____